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Austria: Kreisky's Election

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An Intelligence Assessment

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An Intelligence Assessment

This paper was prepared by [] of the
Office of European Analysis. Comments and queries
are welcome and may be addressed to the Chief,
Western Europe Division, EURA, []

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**Austria:
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Key Judgments

*Information available
as of 4 April 1983
was used in this report.*

The Austrian election on 24 April will determine whether Chancellor Bruno Kreisky, the 72-year-old Socialist Party chairman, retains his position as the longest reigning leader in Western Europe. We doubt the Socialists will equal their 1979 showing of 51 percent, but polls indicate they will win a plurality, taking somewhere between 45 and 50 percent of the vote. The conservative opposition, the Peoples' Party, will probably take between 40 and 45 percent, according to the same surveys. The small liberal Freedom Party will battle several new environmentalist parties for the remainder.

Chancellor Kreisky's failing health is chiefly responsible for clouding the Socialists' prospects. Kreisky remains immensely popular, but still has designated no political heir. We believe the muddled line of succession helps account for a fairly large block of undecided voters.

The splintered environmental vote could mean that no environmental party will win enough votes to enter parliament, an outcome that would force a redistribution of their votes among the major parties. If the Socialists come close to a majority on their own, the redistribution process could give them the majority in the legislature.

Should no party win an absolute majority, we believe a coalition is more likely than a minority government. The two most probable combinations would be either a Socialist-Freedom Party alliance or a grand coalition between the two largest parties.

We believe the chances that Kreisky will return to power are only about 50-50. He has said repeatedly that he will not lead a coalition government; although this is in part an attempt to win additional votes for the Socialists, we believe that because of his failing health, Kreisky would not take on the added burdens of running a coalition.

We do not expect radical departures in Austria's foreign policy regardless of the outcome because there is a consensus on the benefits of Austria's neutrality and the necessity for a balance of power in Europe. Nonetheless, a government led by the conservatives, or one with their participation,

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would introduce some changes. Such a government probably would focus more on European issues and give less attention to affairs elsewhere, largely because of the absence of the more global-minded and internationally known Kreisky. A government without Kreisky is also unlikely to invite controversial figures like Libyan leader Qadhafi to Vienna and possibly would lend more vocal support to US policies in areas of less immediate interest to Austria, such as Central America.

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Kreisky's Election**

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Introduction

On 24 April Austrian voters will decide if Chancellor Bruno Kreisky will remain as Western Europe's longest reigning statesman. Kreisky came to office in 1970, and in the last federal election in 1979 got over 51 percent of the vote, his third straight parliamentary majority. He is far and away the most popular politician in Austria, but his age—72—and chronic health problems raise questions about his ability to manage another four-year term. Polls suggest that his failure to single out an heir apparent has created uncertainty about the future leadership of the Socialist Party (SPOe), perhaps to the point that its voting strength could fall below 50 percent.

Aside from the Kreisky question, a number of other issues will affect the public's support for the SPOe, the conservative Peoples' Party (OeVP), the liberal Freedom Party (FPÖe), and the emerging alternative and "green" parties. There has been much debate, for example, on the proposed UN Conference Center, the fate of the idle Zwentendorf nuclear reactor, and the future of nuclear energy in general. Although foreign policy has not been a major issue, Kreisky's opponents are trying to score points by suggesting that his flirtation with Third World leaders like Libya's Qadhafi could jeopardize relations with the United States.

For most voters, the economy remains the principle issue. The list of problems is impressive: unemployment stood at over 6 percent of the work force in January 1983,¹ losses in the nationalized industries continue to mount, budget deficits are growing, and higher taxes are a prospect. But Austrians resist sudden changes in their governments, and we doubt that many are willing to blame Kreisky for the difficulties.

¹ According to statistics from Austria's Laenderbank, unemployment in 1981 was 2.4 percent; in 1982 it rose to 3.7 percent.

The Parties

The three parties that have dominated postwar politics will be joined by a fourth grouping this election, the environmentalist "greens." The greens are more a movement than a party, however, and a number of electoral lists are competing for the ecological vote. And the fringe parties on the extreme left and right are still not realistic alternatives; in 1979, for instance, the Communists won less than 1 percent of the vote, and no extreme rightwing party was even on the ballot. This year eight parties have qualified.

The Socialist Party. Founded in 1889, the Socialist Party has run Austria alone since 1971. The SPOe has a well-organized structure, and nearly one Austrian voter in six is a dues-paying party member. In addition, the various arms of the party apparatus are staffed by some 70,000 loyal functionaries.

Especially important are the close ties the party enjoys with organized labor—the bulk of SPOe support comes from urban industrial workers. Not only are union members an essential source of votes, but union leaders are also closely integrated in the party's leadership. Several members of the Austrian Trade Union Federation are top party executives; four are in the cabinet, and 29 represent the party in parliament.

Over the last decade, the Socialists have also been winning an increasing share of the middle class vote, largely white-collar workers and civil servants. The Socialists, by managing the economy and government for more than a decade, have developed a pragmatic image that has helped overcome middle class skepticism. The party has also helped itself in this respect by maintaining the "social partnership" between government, labor, and industry that developed during the era of postwar reconstruction.

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Bruno KREISKY

East European regimes an opportunity to distinguish themselves from Moscow. At times Kreisky has openly criticized the United States for taking too confrontational a line toward the Soviets, and he has generally opposed sanctions directed at the Soviet Bloc, terming them ineffective and counterproductive. For example, Kreisky fought economic sanctions against Poland and in 1982 even sought to arrange an international loan that he thought would salvage the Polish economy and preserve some of the gains won by Solidarity. Nonetheless, party leaders continue to criticize the Soviet invasion of Afghanistan; Kreisky also has stated publicly that Soviet SS-20s create a nuclear imbalance in Europe. [redacted]

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Although current Socialist party leaders enjoy wide support within their organization, some internal opposition has surfaced, particularly among the leftwing members and youth organizations. Thus far Kreisky has been able to appease the leftwingers by giving them a chance to speak out on issues of lesser importance to Austria. He has allowed one leading leftist, for example, to take a stance critical of US policy in Central America within the Socialist International [redacted]

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The strongest criticism of the party leadership has come from youth leaders. The two youth organizations, the Young Socialists and the Young Generation, have complained at various congresses about their lack of influence, overly pragmatic party leaders, cronyism, and corruption. Youth leaders have also made public their fears that younger voters will gravitate to the newer "green" parties or simply abstain. [redacted]

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Under the Socialists, Austria has become more active in global affairs. Many party leaders remember the troubled days of the 1930s and 1940s, and they actively cooperate with international colleagues in an effort to avoid a recurrence of turmoil in Europe. Austria's neutral status also has encouraged the Socialists to promote their country as an intermediary and Vienna as a meeting place. Kreisky in particular believes his international stature enables him to act as an effective mediator of international disputes [redacted]

Although occasionally critical of US policy, the party leadership remains predominantly pro-West, recognizing the US role in creating and maintaining the European balance that allows Austria to pursue its neutrality. The Socialist government remains a firm supporter of detente, which Kreisky believes gives

For the moment, Kreisky retains nearly absolute control over his party despite these frictions. His stature makes him invulnerable to personal attack, and he remains the only Socialist able to appeal beyond the solid block of working-class voters. The US Embassy in Vienna estimates that between 3 and 5 percent of the votes for the Socialists in 1979 were cast for Kreisky rather than the party, a figure that will be at least as large in 1983. [redacted]

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The succession question continues to bedevil the party, in large part because Kreisky has not allowed a successor to establish himself. Until late 1980, it appeared that he had settled on the then Vice Chancellor and Finance Minister Hannes Androsch as the crown prince. Androsch's refusal to abandon his personal financial interests after he was implicated in a scandal involving a hospital project in Vienna led Kreisky to demand his resignation, and Androsch has been languishing ever since. [REDACTED]

Current plans call for a troika of Heinz Fischer, Karl Blecha, and Fred Sinowatz to run the party and government after Kreisky's departure. Fischer would remain head of the parliamentary group, current Vice Chancellor Sinowatz would assume the chancellor's post, while Blecha, an executive vice president in the party, would become party chairman. All three appear to support current Socialist policies and are loyal to Kreisky. It is doubtful, however, that any of them can command the respect and loyalty that Kreisky does. Polls indicate that Sinowatz is popular with the Austrian voter, but he remains well behind Kreisky. We do not believe he, or the other two front-runners, possess the attraction to retain the SPOe's parliamentary majority in an election. [REDACTED]

The Peoples' Party. Established in 1945, the Peoples' Party reigned as senior partner in a grand coalition with the SPOe from 1945 to 1966. Over the next four years it ruled Austria alone before going into opposition in 1970. The Austrian equivalent of a Christian democratic party, the OeVP draws its strength primarily from business and farmers. [REDACTED]

Party leaders have indicated to journalists that they doubt they can replace the SPOe as the largest party in Austria. Instead, they hope to hold the Socialists below an absolute majority, creating the possibility of an OeVP return to government in coalition with either the Socialists or the Liberals. [REDACTED]

The OeVP has been led since 1979 by Alois Mock, previously parliamentary floor leader. Many party officials had hoped that the 48-year-old Mock's youthful and energetic appearance would help revive the party's electoral performance, which hit a postwar low in 1979. The OeVP, however, continues to suffer



Alois MOCK

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from a stodgy and bureaucratic image, as well as from a weak and ineffective organization—factors that make conservative leaders appear uncertain and incompetent compared to Kreisky. In addition, press commentators note that the OeVP has never been able to formulate a clear alternative to the popular Socialist government's programs. [REDACTED]

Peoples' Party spokesmen say they would return Vienna's foreign policy to a neutralism closer to the Swiss model. In practice, we think this would mean less activism, less taking of sides, and a more moderate international image. Mock claims that although it is imperative for Austria to maintain good relations with its East European neighbors, it must be seen first as a Western democracy. This would entail greater cooperation with its West European neighbors and with the European Community. Mock asserts that a

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conservative-led Austria would have smoother bilateral relations with the United States, although he has failed to specify how. [REDACTED]

Norbert STEGER

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The party's economic platform recently has taken on more shape, but still remains somewhat vague. Mock has accused the Socialists of waste and mismanagement, and says they have burdened the economy with excessive regulation. He claims the Peoples' Party would rework next year's budget, streamline the bureaucracy, and lower taxes to free funds for investment and research and development. The party also has spoken of the need to promote small- and medium-sized firms and the construction industry in addition to making structural improvements in ailing nationalized industries. [REDACTED]



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The Freedom Party. This party is an amalgamation of laissez-faire advocates, libertarians, and anti-Marxists. It was established in 1955 and has often acted as a vehicle for those dissatisfied with the larger two parties. The party draws much of its support from conservatives who, according to Austrian political observers, cannot bring themselves to vote for the OeVP because they think Austria's powerful Roman Catholic Church exerts too much influence in the party.² Because most of the nationalists from the discredited Pan-German camp ended up in FPOe ranks, the party also has had a decidedly rightwing image, which current leaders are trying to change. [REDACTED]

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Since the late 1970s, the party has been wracked by personality conflicts among its leaders, mostly between Norbert Steger and Alexander Goetz. In December 1979, Steger was selected as party chairman. Born in 1944, he was the first FPOe party leader untainted by Austria's role in the Third Reich and World War II and, as such, represented a new generation of political leadership. Party leaders hoped he would be able to resolve the party's internal conflicts and establish it firmly as the third party in Austrian politics. [REDACTED]

Although Steger has emerged as the clear leader, the party divisions that still exist will, in our view, damage FPOe electoral prospects. Steger has acted to move the party slightly to the left to capture liberals who normally vote for the SPOe. Steger claims that about 10 percent of the voters fall into this category. [REDACTED]

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Alexander Goetz, who led the older right-of-center faction, had hoped to align the party with the more conservative OeVP. The defeat the party suffered in January in the Graz municipal election where Goetz had been mayor, may have ended his career as the right's most effective spokesman. Goetz is not alone, however, in objecting to Steger's new course, and the party leadership will continue to draw fire from internal critics. [REDACTED]

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² After the war the Church decided not to become actively engaged in Austrian politics. As a result, the Church does not campaign for any one party. Although the OeVP undoubtedly benefits from Austria's Catholic heritage, we believe the number of votes cast for this reason will be negligible. [REDACTED]

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Party leaders generally stress their belief in a free market economy, emphasizing the need to restrict government intrusion. The social welfare system, taxes, and the bureaucracy should also be reduced, they argue, in order to revive private initiative. In addition, the party has taken a clear stand against nuclear energy. [redacted]

The Freedom Party has been vague on foreign policy. While party leaders have noted the positive US role in establishing a European balance of power, the FPOe endorses European unity and a continent free of superpower interference. More specifically, Steger has called for a neutral central Europe free of all "offensive" weapons [redacted]

Steger continues to speak optimistically of his party's chances this month, but recent elections do not support such optimism. Last October the FPOe lost its vice-mayoral post in Salzburg, and in January 1983 it dropped nearly 9 percentage points and five seats in Graz, losing the mayoral post in the process. In each case the newer green and alternative parties apparently stole protest votes that traditionally went to the Freedom Party. [redacted]

The Alternatives and Greens. Austria is currently experiencing the growth of an environmental movement that has added a new dimension to electoral politics. As in West Germany, the green movement grew out of citizens' groups protesting against nuclear power and pollution, a dissatisfaction with the established parties as unresponsive to the cares of the individual voter, and involvement in peace and disarmament campaigns. Recent local elections show that the greens possess a growing attraction for the Austrian electorate. [redacted]

Among the various groupings, we think only two have a real chance to win representation at the national level. The largest, the Alternative List Austria (ALOE), was founded last November in Linz; the event drew West German Green leader Petra Kelly, who appeared in a show of support. The group consists mostly of environmentalists and dissident leftists, along with a few artists, homosexuals, and social

dropouts. The ALOe claims adherence to four principles: preservation of the environment, a vaguely defined "basic democracy," nonviolence, and solidarity with the Third World. In the ongoing campaign they are advocating a halt to the use of nuclear power, especially the plant at Zwentendorf, a housing program that emphasizes renovation over new construction, improvements in public transportation, and no additional highway construction. They also want higher taxes on natural resources like water, a 35-hour workweek with no reduction in pay, and a ceiling on all incomes at about \$1,700 a month. [redacted] 25X1

Negotiations in January to form an electoral alliance with the ALOe's chief competitors, the "United Greens" (VG), failed over differences in ideology and social and economic policies, underscoring the disparities in the movement. The "United Greens" are an outgrowth of the campaign in 1978 to close the nuclear plant at Zwentendorf. The United Greens hope to appeal to the middle of the Austrian electorate; they advocate none of the ALOe's social and economic reforms and concentrate instead on the environment and nuclear energy. [redacted] 25X1

At first, the environmentalist parties claimed their mission was not to win seats in parliament or to hold office, but merely to educate the public and prod the politicians. Recent electoral successes in Salzburg and Graz—where these parties won four seats and 7 percent of the vote—have raised hopes higher. Voter surveys generally give them from 5 to 10 percent of the vote, primarily among those under 30. Leading spokesmen claim they can capture 5 to 6 percent of the vote and possibly four or five seats in the legislature.³ [redacted] 25X1

³ To win parliamentary representation in Austria, a party needs to capture only one seat by direct vote—the first phase of seat allotments. In this allotment, seats are awarded in each of the nine electoral districts by dividing the total number of votes a party gains by the minimum number of votes necessary for a seat. Seats are distributed proportionately in a second phase, in which the country is divided into two electoral districts and the remaining votes are collected in each. According to this scheme, the environmental party needs to win a bloc of votes in only one district where it is popular—Vienna, for example. If it does, the scattered votes it wins elsewhere in that half of the country may be enough to give it additional seats. [redacted]

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Austrian Federal Elections: 1966-79

	SPOe (Socialists)		OeVP (Conservatives)		FPOe (Liberals)		Others	
	Percentage	Seats	Percentage	Seats	Percentage	Seats	Percentage	Seats
1966	42.5	74	48.3	85	5.3	6	3.9	0
1970	48.4	81	44.6	78	5.5	6	1.5	0
1971	50.1	93	43.1	80	5.5	10	1.3	0
1975	50.4	93	43.0	80	5.4	10	1.2	0
1979	51.0	95	41.9	77	6.1	11	1.1	0

Most Austrian political observers expect that the environmentalists will merely steal some votes from the larger parties. Observers generally agree that the left-leaning ALOe will take votes from the Socialists, whereas the more moderate VG will wean support from the Peoples' or Freedom Parties. If the green parties split their vote and fail to enter the Nationalrat, Kreisky's Socialists might retain their absolute parliamentary majority through seat reapportionment, while winning less than 50 percent of the vote.

The Major Issues

The Kreisky Question. Chancellor Kreisky easily remains Austria's most popular politician; a Gallup poll in 1981 found that 65 percent of all Austrian voters endorsed Kreisky's running for reelection, including nearly half of those aligned with the Peoples' Party. Another poll published last fall claimed that over 60 percent of those surveyed expected the Socialists to retain control of the government if Kreisky led the ticket; again, over half of the OeVP supporters agreed. Kreisky consistently receives higher popularity ratings than other Austrian politicians. In a recent survey rating politicians, Kreisky was twice as popular as Mock, his closest competitor.

We believe the reasons for this popularity rest essentially on Kreisky's imperial style and the foreign policy his administration has pursued. Most Austrians like the attention Kreisky brings to their country. Vienna remains an imperial capital in search of an empire, and the international attention, as well as the

business brought by international conferences, organizations, and summitry, gratifies this longing to a degree. The Chancellor is sometimes referred to as "Kaiser Kreisky," and the strict control he exercises over party and government provides the strong and regal leadership many Austrians appreciate.

The uncertainty of Kreisky's appeal in this election comes from his age and failing health.

Last spring he promised to publish a full report on his health and announce his future plans. After months of delay he announced his candidacy but failed to release the medical analysis.

We doubt that many voters expect Kreisky to last the entire four-year legislative term, however. None of the probable successors commands the loyalty Kreisky enjoys at home or the prestige he garners abroad. The opposition parties plan to avoid the question of Kreisky's health—because raising it would probably prove counterproductive—but they do hope to benefit from voter uncertainty about the muddled line of succession.

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Socialist government had been criticized for its high growth, "hard" schilling policy—its informal link to the West German mark—which had yielded large trade deficits. [REDACTED]

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The Socialists argue in their campaign that they have shielded the Austrian economy from the worst effects of the international recession. The Austrian budget for 1983 is an extension of the Socialist Party's philosophy of intervening in the economy to maintain employment. The budget calls for public works programs and additional subsidies to industry to promote employment; export subsidies are also likely to be added to the budget. [REDACTED]

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The Economy

The major substantive issue will be the economy and how to handle the recession. During more prosperous times Austria was hailed as a model because its fiscal policies had secured economic growth, high levels of employment, low inflation, and a strong currency. Recent trends have been less encouraging, however. Unemployment of 6.5 percent and inflation of 5 percent are high for Austria, and forecasters see GNP growing less than 1 percent this year. Especially worrisome is the state of the nationalized sector, nearly a fifth of Austrian industry and a third of the industrial work force. Despite massive subsidies, nationalized industries have suffered steady losses during much of the past decade. For example, in November 1982 the Austrian parliament authorized approximately \$200 million in subsidies to help cover losses, which press reports placed at nearly \$300 million. [REDACTED]

The government can point to some successes in the foreign sector of the economy, however. Austria has improved its international trade and payments balances, allowing the schilling to remain strong and shielding the economy from foreign inflationary pressure. Although the value of exports grew only a modest 6 percent in 1982, imports fell nearly 1 percent, largely because of an 11-percent decline in energy imports. The overall balance of payments for 1982 showed a surplus of some \$500 million, the first surplus since 1969, and a clear improvement over the \$1.2 billion deficit for 1981. In earlier years, the

Many Austrians recognize the danger in growing budget deficits and the need for structural improvements in industry, but immediate concerns such as jobs are more pressing. The Socialists' success in convincing the Austrian public that their program remains the safest approach for the near future has made it difficult for the Peoples' Party to offer much in the way of specific change, leaving it with platitudes about seeking a better life for Austrians. [REDACTED]

The government's recent proposal to raise taxes on 25X1 interest earnings and bonus payments, however, has introduced an issue that the opposition can exploit. Government spokesmen claim the tax package would become effective only after 1 January 1984 and is necessary for a new jobs program. Some Austrians fear the measure would discourage savings, and the OeVP has announced that it would not implement the measures if in the government. [REDACTED]

The UN Conference Center

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Last spring the OeVP sponsored a popular nonbinding referendum opposing the UN conference center that Kreisky proposes to build in Vienna. The success of the petition, which garnered over 1.3 million signatures—26 percent of the electorate—exceeded all expectations. Opposition to the center cut across party lines. Indeed, 16 percent of the signers were SPOe supporters, who acted despite Kreisky's orders that

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party members disassociate themselves from the appeal. In addition, a viewers' poll that followed a television debate on the topic between Kreisky and Mock favored Mock. []

A Gallup poll in January noted that the conference center is likely to figure high in the voters' minds, and neither party has shied away from the topic. Financing is the key issue because costs are expected to run as high as \$440 million. Kreisky recently announced that the UN center will be funded through federal and city revenues and by foreign sources, including Saudi Arabia, Kuwait, the United Arab Emirates, and the Sheraton Hotel Group. Kreisky stressed that the terms were favorable, but the Peoples' Party claims most of the costs will be borne by the Austrian taxpayer. Opposition figures say the funds could be better used in municipal housing construction. []

Zwentendorf

Nuclear energy has proved to be a contentious and unpredictable issue in Austrian politics. Opposition to nuclear power does not follow party lines, and each of the parties is worried about losing votes over the issue—a fear supported by recent polls. The two major parties probably would like to keep the question of nuclear energy—and the plant near Zwentendorf in particular—out of the campaign. In addition, neither the SPOe nor the OeVP wants to engage in campaign rhetoric that could distort the issue and force the parties into binding commitments that would make completion of the plant even more difficult. []

The issue will be difficult to bury. In 1978 a referendum seeking to halt construction of a nuclear power plant near Zwentendorf won by a bare margin, 50.5 to 49.5 percent, despite Kreisky's personal pronuclear appeal. Following the referendum, the legislature passed a resolution blocking further construction unless a two-thirds majority—in effect, both major parties—reversed the resolution. The decision to halt construction at Zwentendorf was merely a postponement, which is effective only until the end of this legislative term. Kreisky, who favors opening the plant after another referendum or parliamentary approval, has promised to resolve the questions of safety and waste disposal before moving ahead. Still, the

greens and FPOe distrust Kreisky on the issue and claim that only their presence in parliament can keep Kreisky from going ahead with construction. []

Foreign Policy

In view of the traditional consensus among the major parties on the substance of Austrian foreign policy, we believe foreign affairs will play only a minor role in the election. Austria's policy of "active neutrality" remains popular, and Kreisky's international activities have brought the country considerable attention, some say notoriety. OeVP spokesmen tried to make Austrian-US relations an issue last year. Opposition spokesmen accused Kreisky of endangering ties to the West and alienating US leaders through his outspoken positions on the Middle East and East-West affairs. As evidence they pointed to the failure of the United States to appoint an ambassador to Vienna and to accusations from Washington regarding transfers of sensitive technologies to the Soviet Bloc. []

Kreisky's visit to the United States in February appears to have silenced the opposition. An agreement on technology transfer has been reached and an ambassador appointed. Kreisky's endorsement of President Reagan's Middle East initiative, meanwhile, has silenced critics who cited Vienna's allegedly dangerous flirtation with Arafat and the PLO. In short, further criticism of Kreisky's "active neutralism" could backfire, given the public's appreciation of Kreisky's role on the international stage. []

Possible Coalitions and Their Implications

Should the Socialists gain a majority of seats, Chancellor Kreisky will feel vindicated in his conduct of domestic and foreign policy. We believe he would continue especially to pursue his role as mediator between contending external groups, be they East-West or North-South. If the Socialists fail to secure an absolute majority—a good possibility according to the polls—they probably would form a coalition government. SPOe officials have noted in the press the inherent difficulties in running a minority government

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that must enlist support on every issue, and they see this as a possibility only if they fall a seat or two short of a majority. Opposition leaders, for their part, have indicated that they would not support a Socialist minority government but would consider a coalition. Regardless of the alignment, economic policy would provide the most contentious issue. [redacted]

The most noticeable aspect of almost any coalition will be the absence of Kreisky, who claims he no longer has the energy necessary to lead such a government. He claims he would retire and pass control on to a successor. In saying this, Kreisky may be using his popularity to bring doubting voters back to the Socialist fold, but US Embassy sources believe he is sincere. We think Kreisky would remain only in the event of a Socialist majority, or if the Socialists do dominate a coalition—with a weak FPÖ, for example—that he could envision little resistance to his policies. [redacted]

Although Kreisky has been a prominent figure in international politics over the past decade, his impact has come largely from his flamboyant style, sense of drama, and willingness to maintain dialogues with controversial political leaders. His actions, however, have not markedly changed the basic thrust of Austrian foreign policy. While he has tried to play a prominent role in areas less essential to Austria, like the Middle East, his influence on events in such areas has been marginal. A coalition government without Kreisky would have a similar but less colorful foreign policy because it would operate with leaders like Sinowatz or Mock, who do not have the personal contacts, the stature, or probably the inclination, to try to influence events as Kreisky has. [redacted]

Most speculation in Austria has centered on the possibility of an SPÖ-OeVP grand coalition. Few observers regard an all-conservative OeVP-FPÖ union as a realistic option. OeVP Secretary General Graff claimed in Washington last year that a majority of Austrians, his party included, preferred a grand coalition. Such a combination ruled Austria during the postwar reconstruction period from 1945 to 1966, and it conforms to the Austrian tradition of "social partnership." In Graz last month the two parties

agreed to share the mayoral post, after elections left both parties short of an absolute majority. The OeVP will hold the office for two years, the SPÖ for the following three. Nonetheless, such an alliance at the national level appears likely only if it is the sole way to ensure a stable majority—that is, if significant Socialist losses or the Greens' entry into parliament blocks all other combinations. [redacted]

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Under an SPÖ-OeVP grand coalition, we would expect mainly changes of tone and focus. Because of Kreisky's absence and the presence of the conservatives, this coalition most likely would concentrate on European affairs and East-West relations. In the Middle East, for example, such a government probably would pursue a less independent course than Kreisky has, while continuing to endorse US policies and reducing criticism of the Israeli Government and support for the PLO. Vienna would reiterate its offer to act as an intermediary in this and other conflicts, but it is unlikely that Kreisky's successors would have much success. [redacted]

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We believe that a Socialist-Freedom Party coalition is more likely than a grand coalition, because policy differences between these two parties have grown smaller under Steger and the combination would leave the Socialists dominant. The main stumbling-block is that the Freedom Party's electoral prospects have diminished over the last year, leaving open the possibility that the FPÖ may not gain enough seats to create a majority with the SPÖ. Nonetheless, leading figures in both parties have maneuvered toward an alliance recently. Sinowatz publicly claimed to have no major objections. Steger has raised the possibility in speeches, and FPÖ figures have moderated criticism of SPÖ policies and actions in cases such as the hospital scandal. An SPÖ-FPÖ coalition with or without Kreisky probably would not change foreign policy and would alter domestic policy only slightly. [redacted]

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A conservative-led coalition in our view would alter the tone and visibility of foreign policy to a much greater degree, but again not the substance. As

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Chancellor, for example, Mock almost certainly would not invite controversial foreign leaders to Vienna. We believe a government led by the OeVP probably would offer greater public support for US and West European policies, especially if there is truth in the speculation that Austria's Ambassador in Washington, Thomas Klestil, would become foreign minister in a conservative government. Such a government would be less outspoken on issues that do not have an immediate bearing on Central Europe, such as the Middle East or Central America. Yet such an administration would encounter many of the same obstacles confronting any Austrian government if it sought closer cooperation with the West. [REDACTED]

Regardless of the election's outcome, we believe Kreisky will continue to play a prominent role in international affairs as long as his health holds. Foreign affairs remains his first love, and his policies will continue to carry weight in the party. Socialists in Austria remain genuinely loyal to their foremost spokesman, the man who has ensured their party an international hearing and 12 years of uninterrupted rule. His position as elder statesman in the party and country, as well as his post as vice president of the Socialist International, ensure him a forum to pursue his interest in detente, in the Middle East, and in a dialogue between the industrialized and less developed nations. [REDACTED]

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In short, the foundations of Austrian foreign policy will remain the same under any of the possible governments. By virtue of its geography and constitutionally mandated neutrality, Austria will retain significant ties to both East and West; the economic benefits and global attention stemming from its role as mediator ensure that Austria's leaders will continue this emphasis in their foreign policy. [REDACTED]

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Despite Austrian neutrality, all major parties make no secret of their predominantly pro-Western orientation. Any Austrian government can be expected to reaffirm the country's commitment to the Western political community, as well as close ties to the United States. [REDACTED]

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